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# CURRENT INTELLIGENCE WEEKLY SUMMARY



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## PART I

OF IMMEDIATE INTEREST

## MIDDLE EAST DEVELOPMENTS

The Soviet-Syrian contention that Turkey, at American instigation, is preparing to attack Syria has been dramatized by formal complaints to the UN, official Soviet offers to contribute armed forces for any UN intervention, the dispatch of Egyptian troops to Syria, and Cairo press claims, as yet unconfirmed, that Damascus has ordered a state of emergency in the Syrian army and is now issuing weapons to its paramilitary resistance forces.

Syrian Foreign Minister Bitar has submitted a formal complaint against Turkish "military threats" to the UN General Assembly, requesting appointment of an investigating commission to examine the border area. Soviet Foreign Minister Gromyko, in a letter to the assembly president on 16 October supporting the Syrian complaint, suggested that the commission be instructed to report to the assembly within two weeks on the "intolerably dangerous" situation, and stated that the USSR is prepared to "take part with its military forces" in any UN intervention to suppress Turkish aggression against Syria.

Turkish ground and air maneuvers in the sensitive area, already twice postponed, are now set for the end of the month, after Turkish national elections on 27 October. The continued deployment on the Syrian frontier of major Turkish ground forces

has sustained the heightened tension in the area and continues to afford the possibility of conflict, although the initiation of hostilities by Turkey is considered unlikely in the immediate future.

Egyptian-Syrian Moves

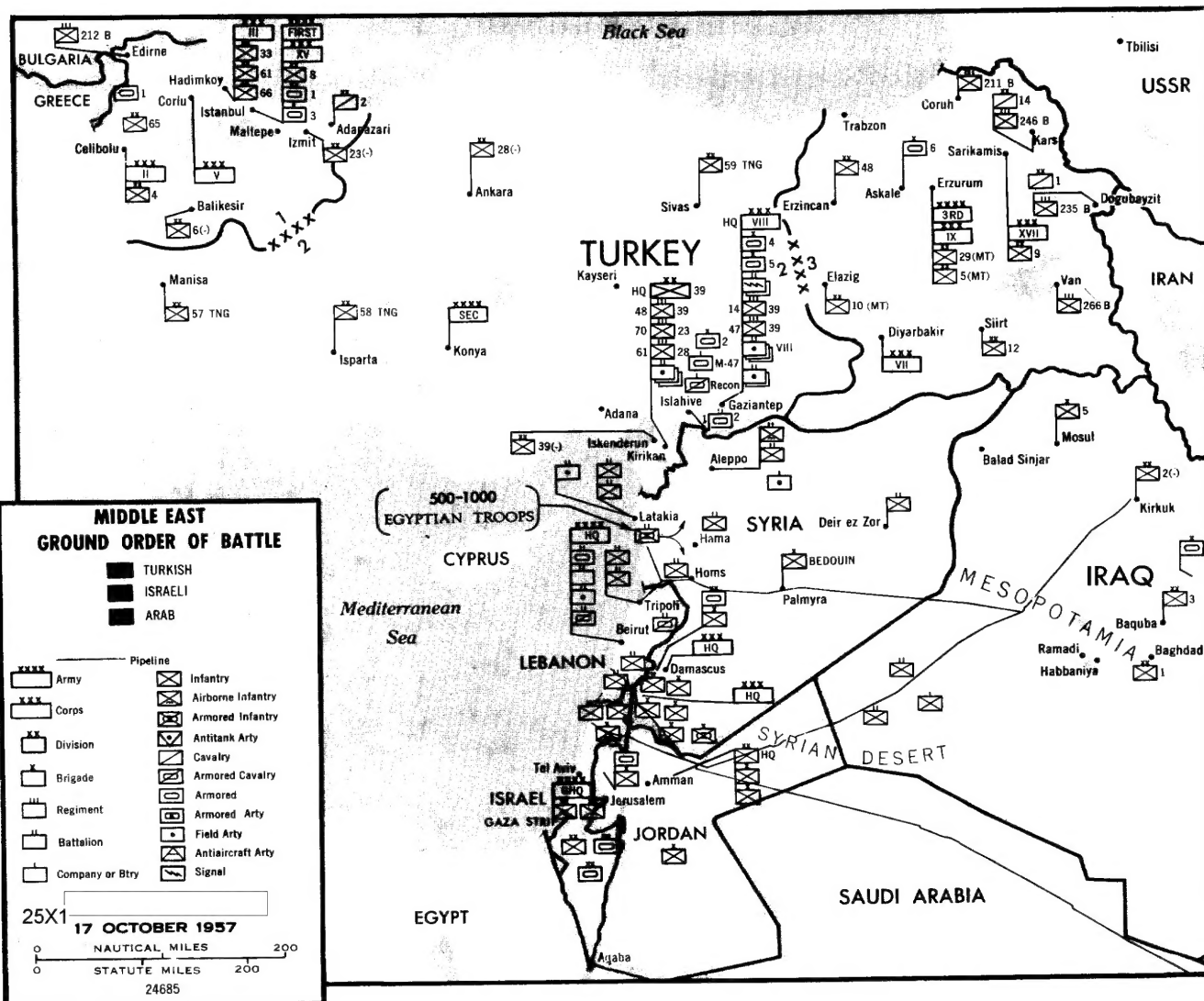
The arrival of Egyptian troops--probably under 1,000 men--amounts to no more than a minimal contribution to the effective military strength in Syria, but underscores the claim that Syria is endangered by Turkish concentrations, and shifts some emphasis from Syria's alignment with the USSR to the "union" with Egypt and the Arab joint command concept. The Egyptians at present appear to be concentrating on boosting their own prestige and Syrian morale by participating in patriotic rallies in the major Syrian cities. Their ultimate deployment is not yet indicated.

The move has the additional advantage from the Egyptian point of view that it is the kind of action the other Arab states are unable to criticize publicly, however much the Saudis, Iraqis, and Jordanians may be chagrined in private.

Syria's formal complaint to the UN reportedly was the result of considerable prodding by Soviet representatives in

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Damascus and New York. Bitar's earlier letter of 8 October had complained of the "massing" of Turkish troops on the Syrian border but did not make any specific request for action.

Besides recalling attention to the Turkish "threat," the Syrians may be emboldened by the

Egyptian support to adopt a somewhat tougher attitude toward Israel. There had been no overt Syrian reaction in recent weeks to Israel's Lake Hula drainage project, which is now scheduled for completion about 27 October. However, Syrian Deputy Chief of Staff Nafuri this week told UN truce officers he had ordered his troops to fire if the

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Israelis continued surveying in what he alleged was Syrian territory north of the lake. A UN investigation revealed that the Israeli operation was within Israeli territory.

Irresponsibility of this kind may be encouraged by the knowledge that Egyptian troops now may have to share in the possible consequences.

The presidential ambitions of Syria's opportunistic pro-Soviet Defense Minister Azm probably received a setback last week from the election of Akram Hawrani, leader of the radical Arab Socialist party, as president of the Chamber of Deputies. By virtue of this office, he is constitutional successor to President Quwatli. Hawrani is vehemently anti-Western, but also has been reported concerned over the extent of Syria's ties with the Soviet Union and has feuded with the local Communists.

**Soviet Moves**

Gromyko's demarche in the UN is similar to the USSR's warnings to Eden, Mollet, and Ben-Gurion last November in support of Egypt, which were also within a context of intervention in the name of the UN. The USSR is also using the UN as a forum to blame the United States for any hostilities which may develop, or claim credit if there are none. Bitar's com-

plaint had made no specific reference to the United States, but the Gromyko letter did so. Broadening the attack on the United States, the USSR also sent letters to West European Socialist parties warning of alleged US-Turkish designs in Syria (see following article).

While Gromyko's promise of strong support for any UN action included the contribution of military forces, there has been no evidence of specific Soviet preparations for military action against Turkey.

Soviet leaders probably agree that direct Turkish or Western intervention in Syria is less likely than other forms of the West's "aggressive policy."

Khrushchev's statement to Aneurin Bevan in mid-September directly emphasized possibilities of a coup in Syria engineered by the West. He said he did not expect the United States and Britain would encourage Syria's neighbors to invade, but would instead attempt to bring about a coup, followed by an appeal by the new leaders to Syria's neighbors to send military forces to support the new regime.

**Lebanon**

King Saud has been hailed during his state visit to Beirut

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as the preserver of Arab unity. Saudi royal counselor Yusuf Yasin told Ambassador Heath that "generosity" rather than "the sword" was still required in dealing with Syria; this statement suggested that Saud was still convinced, at least up to the Egyptian troop movement, that his persuasive tactics were paying off.

If Saud remains reticent in Beirut, he is likely to weaken further the position of Lebanon's strongly pro-Western foreign minister, Charles Malik, who apparently is viewed by President Chamoun's opponents as the most vulnerable member of the cabinet. The opposition, working through the parliamentary Foreign Affairs Committee, has demanded a list of assurances regarding Lebanon's acceptance of the American Middle East Doctrine. While this attack is primarily to thwart Chamoun's desire to change the constitution so that he can be

elected for another term, it serves a broad anti-Western purpose at the same time.

**Jordan**

The Jordanian government has taken still further security precautions, because of both the Egyptian troop movement to Syria and the continuing terrorist efforts in Amman. The cabinet has sought to escape serious parliamentary criticism by presenting as its policy the speech from the throne which the lower house had already approved. This device succeeded in gaining a 30-2 confidence vote, but it is problematical how long the government can continue its evasive action while keeping parliament in session. King Hussayn may feel that this vote gives him an opportunity to dissolve parliament on a favorable note.

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**SOVIET FOREIGN POLICY AND PROPAGANDA MOVES**

In a series of new foreign policy and propaganda moves, the Soviet Union is further exploiting the psychological gains from its recent technological and scientific advances. Soviet broadcasts continue to give principal attention to the earth

satellite and in their comments are now directly linking sputnik and the ICBM, claiming a "great advantage in the military field." Commentators have also boasted that the USSR "could win any war," but that it insists on peaceful coexistence in this

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"age of ballistic missiles and artificial earth satellites." Soviet spokesmen continue to hint at "startling new developments" to be displayed soon.

Moscow's propagandists are urging the West European allies of the United States to "do something on their own." This concept is also stressed by the Soviet Union in the letters made public on 15 October from the Soviet Communist party to a number of West European Socialist parties which seek to arouse and exploit Socialist feelings over the danger of becoming involved in a "new armed conflict in the Middle East."

Moscow apparently hopes to generate Socialist pressure on West European NATO nations to resist alleged American and Turkish plans for intervention in Syria. By creating suspicion of American aims in the Middle East and by seeking to exploit divergent regional interests among NATO countries, Moscow aims to isolate the United States from its European NATO allies on a matter of considerable concern to the USSR.

The letters indicate a renewal of the Soviet campaign to establish "working-class solidarity" with the Socialist parties of Western Europe--which achieved virtually no success and was brought to an end by Soviet intervention in the Hungarian uprising.

The letters refer to an identity of views held by the different recipients and the Soviet Communist party on "the issues of war and peace," and the Socialist parties are requested to make proposals which can be discussed in meetings of Soviet and Socialist representatives. This suggestion may be connected with reported

Soviet plans to announce the establishment during the regime's 40th anniversary celebrations in early November of a "new-style international," which Western Socialist parties would be invited to join.

The letters are drawing swift rejections from most of the recipients. The British Labor party stated that the proper forum for allegations of threats to peace is the United Nations.

French Socialist and West German Social Democratic officials have suggested that a common Socialist approach be worked out in a meeting of Socialist delegates in Strasbourg on 20 October. Ollenhauer, the German Socialist leader, said he is opposed to talks with the Russians.

The Danish Socialists indicated that the proposal would be considered by its executive committee, but added that the party had in the past "unreservedly condemned any aggression--including the attack by North Korea, the Suez action, and Soviet intervention in Hungary."

The Dutch Labor party stated that its viewpoint would not be changed, while the Norwegians rejected the overture and pointed out that it is the government, rather than any political party, which conducts Norwegian foreign policy.

In its reply, the Italian Socialist party urged direct USSR-US talks on the Middle East. Party Secretary Nenni later stated that it is for the government alone to take the required initiative and that the party should "stimulate" the government.

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**FRENCH POLITICAL CRISIS**

Independent leader Antoine Pinay's chances of investiture on 18 October as France's next premier will probably depend on the willingness of some of his opponents, particularly the Socialists, to abstain rather than vote against him. His demands for a guaranteed year in office to carry out drastic economies in government, the vagueness of his proposals for constitutional reform, and his apparent readiness to shelve the Algerian question for the moment may alienate some of his potential support. If he fails, Socialist leader Mollet seems the most likely next candidate.

By reducing his program to simple terms, Pinay has brought popular pressure to bear on the deputies and has succeeded in dividing the potentially solid opposition. His prospects have also been furthered by the growing socio-economic unrest--symbolized by the Communists' defiance of the government's ban on their planned 17 October demonstration against the Algerian war and by the 16 October strikes in the state-operated gas and electric power industries.

The Socialist reaction to his investiture speech, however, will largely determine the outcome of the vote. The Socialists may have difficulty in refraining from open opposition to Pinay because of their economic and social welfare program--which is anathema to the Independents. The Socialists are sensitive to Communist charges that they are selling out the workers, an increasing number of whom are unhappy over Mollet's previous concessions to rightist views on Algeria. The party's dilemma is shared by the Socialist-oriented labor confederation, which faces continuing rank-and-file pressure

for new wage hikes to meet rising prices.

Pinay's bid had been considered a way to help "kill time" until the crisis "ripened" sufficiently for President Coty to recall his reported favorite, Socialist leader Guy Mollet. Since he was tapped, however, Pinay has been played up by much of the press as the "man who saved the franc" in 1952, and his stock went up further as the focus of the crisis shifted from Algerian policy to economic and social policies.

Should Pinay fail to muster a majority, the possibility of an ultimate compromise, facilitated by Independent concessions, is not ruled out, since Independent party leaders reportedly are becoming aware that the crisis is basically more serious than they had imagined. Such a solution might involve Mollet or a stopgap candidate from the center parties.

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each day's delay in ending the crisis increases prospects for a "De Gaulle solution," particularly if no government has been formed by the end of October.

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widespread flare-up of labor unrest, forecast by some observers for late October, threatens to intensify the atmosphere of crisis and may foster moves for recalling De Gaulle should the political impasse continue.

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PART II

NOTES AND COMMENTS

DISARMAMENT SITUATION IN UN GENERAL ASSEMBLY

Competition between the Soviet and Western disarmament proposals in the UN General Assembly has created concern among uncommitted countries that assembly endorsement of either side's position could freeze the situation and leave little prospect for any disarmament agreement among the major powers. Moves aimed at avoiding a showdown vote have already been suggested, and certain countries have urged the West to agree to some kind of compromise. In the event of an East-West deadlock, a compromise such as Japan's call for a temporary suspension of nuclear tests might attract the necessary two-thirds majority.

The Western disarmament proposal--sponsored by 23 nations, over half of them Latin American--was introduced in the assembly's political committee on 11 October. It was cosponsored by only four of the 29-member Asian-African bloc--Laos, Liberia, the Philippines, and Tunisia. Many other UN members have expressed sympathy for the Western position as outlined by Ambassador Lodge, but apparently want to remain uncommitted and free to negotiate a compromise.

Yugoslav delegates told the American delegation on 9 October they were dissatisfied with the way the disarmament debate was developing and suggested that all proposals be sent to the subcommittee for further consideration, thus avoiding a showdown vote in the assembly. Foreign Minister Popovic intimated that the USSR seemed prepared to resume subcommittee negotiations.

Soviet Foreign Minister Gromyko, in his 10 October major disarmament statement, said, however, it would serve no useful purpose either to refer all questions to the Disarmament Subcommittee or to approve "in some form or other the attitude of those frustrating disarmament." This suggests that the USSR will continue to press the nuclear test ban issue in an attempt to capitalize on public clamor aroused by the recent demonstrations of missile and hydrogen-weapon advances.

The Japanese proposal may well provide a rallying point for the uncommitted countries, in the event that neither the Soviet nor the Western proposal gets the necessary two-thirds majority support. The Japanese proposal for a temporary suspension of nuclear tests does not provide for immediate supervision of the test ban or for the halting of weapons production, both vital to the West. Nor does it meet the USSR's demand for a two- to three-year test suspension and a five-year renunciation of the use of nuclear weapons.

Swedish Foreign Minister Uden on 10 October commented to the American delegate to the Disarmament Subcommittee that "it would be no great sacrifice to the West to agree to a simple ban" and argued that solution of the question would be an important step forward. He added that, in this respect, Japan's initiative was constructive and could lead to a break in the deadlock.

On 11 October, Mexican Foreign Minister Nervo told Ambassador Lodge that his suggestion for a UN commissioner for

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disarmament to mediate between the two sides had made a more favorable impact at the UN than he had expected. Nervo added, however, that Gromyko had told

him no additional help was needed: all that was needed was willingness on the part of the United States and the USSR to agree.

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**DISARMAMENT MOVES AT INTERNATIONAL RED CROSS CONFERENCE**

Two draft resolutions prejudicial to the Western position on disarmament are on the agenda of the quadrennial International Red Cross conference convening in New Delhi on 24 October with delegations from some 85 countries. Western delegations hope to block formal endorsement of these resolutions, but the discussions may increase worldwide pressure for an unguarded "ban on the bomb," provoke extensive controversy on the rules of warfare, or lead to a bid for an intergovernmental conference on these subjects.

One resolution, proposed by the Japanese Red Cross Society, appeals to the "powers concerned" to conclude immediately an agreement to suspend nuclear weapons testing pending an examination of its harmfulness by a Red Cross committee, and to negotiate a convention for strict control of all use of nuclear weapons. The second, which is a kind of "rules of war" resolution proposed by the standing commission of the International Red Cross, in effect calls for the prohibition of hostile attacks on civilian populations by any means, limitation of attacks to military objectives, proper precautions to spare civilians in proximity to military targets, and a ban on weapons which have uncontrolled harmful effects.

The prestige of the Red Cross as a nonpolitical body gives the Soviet bloc a special opportunity to exploit these

resolutions for political and propaganda purposes elsewhere--for example, in UN discussions of the nuclear testing question. In the opinion of the American and other Western delegations, the mention of specific weapons and their proposed uses in these resolutions goes beyond any previous Red Cross convention, undercuts the American position on disarmament, and might involve the Red Cross itself in political controversies which would detract from its future usefulness.

Attempts will be made to block the Japanese resolution on procedural grounds or to substitute resolutions citing the need for safeguarded disarmament and referring to the work already in progress in this field in the UN. On the "rules of war" item, Western delegations will seek merely to commend its humanitarian objectives while urging the various governments to expedite agreements for reduction and control of armaments.

The Soviet bloc and many Asian and Arab delegations, however, are likely to favor a categorical endorsement of both resolutions and, at a minimum, to give them wide publicity through extended discussion. Moreover, some Western delegations, such as those from Spain and Argentina, already seem to favor a Red Cross call for a diplomatic conference next year at Geneva on the issues of nuclear testing and the conduct of war.

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**YUGOSLAV RECOGNITION OF EAST GERMANY**

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Yugoslavia's formal recognition of the East German regime on 15 October, in the face of known Western objections to such a step, demonstrates Belgrade's shift toward closer alignment with the USSR on major foreign policy matters. Bonn has decided to break off diplomatic relations with Belgrade in retaliation. The recent visit to Belgrade of Defense Minister Zhukov further strengthens the rapprochement between Yugoslavia and the Kremlin.

By its move Yugoslavia became the first nonbloc country to recognize East Germany. Yugoslavia has repeatedly called for negotiations on reunification between the two German states but had refrained from extending de jure recognition to the East German state for fear of jeopardizing its favorable economic relations with West Germany and souring its relations with the West generally.

Belgrade believes the West will continue aid sufficient to preclude Yugoslavia's complete dependence on the USSR.

Tito's apparent conviction that his rapprochement with the USSR can proceed without endangering his ability to maintain his independence in domestic affairs undoubtedly stems in part from his talks with Khrushchev in Rumania last August. A Soviet lecturer told an audience in the USSR last month that at these talks Tito had agreed to recognize East Germany in the near future.

Despite the accord which has been developing between Moscow and Belgrade, ideological differences remain and may pose a threat to any lasting rapprochement.

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**NEW CURRENCY ISSUE IN EAST GERMANY**

The sudden revision of the East German currency, decreed and partly effected on 13 October, was designed to provide an accounting of the amounts of currency held by East Germans, reduce the growing volume of currency outstanding, and restore some prestige to the cheapening East mark. While the move will cause some losses to Western countries trading in East marks, it will have a negligible effect as a cure for East Germany's economic ills.

On 13 October, Prime Minister Grotewohl announced that the currency revision was under way, that 300 East marks per person were immediately cashable--one old for one new mark--and that the remaining cash in East German hands was to be paid into special accounts subject to the scrutiny of special committees appointed to ascertain if the money was of illegal origin. These special accounts, if approved, can be drawn on after 19 October. If the established exchange rate of one-to-one is maintained, no serious popular discontent should result.

The currency revision will serve to determine the extent of savings resulting from increased wages, pensions, and farm prices, and it may pave the way for increased taxes. It will also temporarily curtail activities of speculators, who will probably take their losses for safety's sake rather than deposit their holdings in the special accounts.

While it will invalidate foreign holdings of East German marks, the effect will be negligible because these foreign holdings are small. West Berlin

is reported to have held about 15,000,000 marks (about \$1,000,000 at the open market rate in West Berlin), most of it in the hands of banks, retail stores, and exchange officers. Commercial concerns in other countries such as the United States, Switzerland, and some Scandinavian states which have also traded in East marks must presumably take the loss.

Since 1953, the volume of printed currency has been increasing steadily. The regime feels that any reduction in the volume of printed currency would help combat inflationary tendencies and raise the value of the currency abroad.

The East German regime has been especially irked by the cheapness of the East mark in the West. The mark has been selling in the West at about 18 to the dollar despite the East German pegged rate of 2.2 to the dollar. Apparently, East Germany's hope that the revision would increase the value of the East mark in the West has not been realized. Two days after its issuance, the new mark was selling in West Berlin at the old rate.

Since the losses in West Germany caused by the revision are so small, it is unlikely that Bonn will consider retaliatory measures. In the unlikely event that all the sums paid into the special accounts are confiscated, however, widespread discontent in East Germany could result and the flight of refugees to West Germany would probably increase markedly. Those who had saved large amounts of East marks in order to convert them into a West mark "nest egg" for a new life in the West, however, may be deterred for the time being.

(Prepared by ORR)

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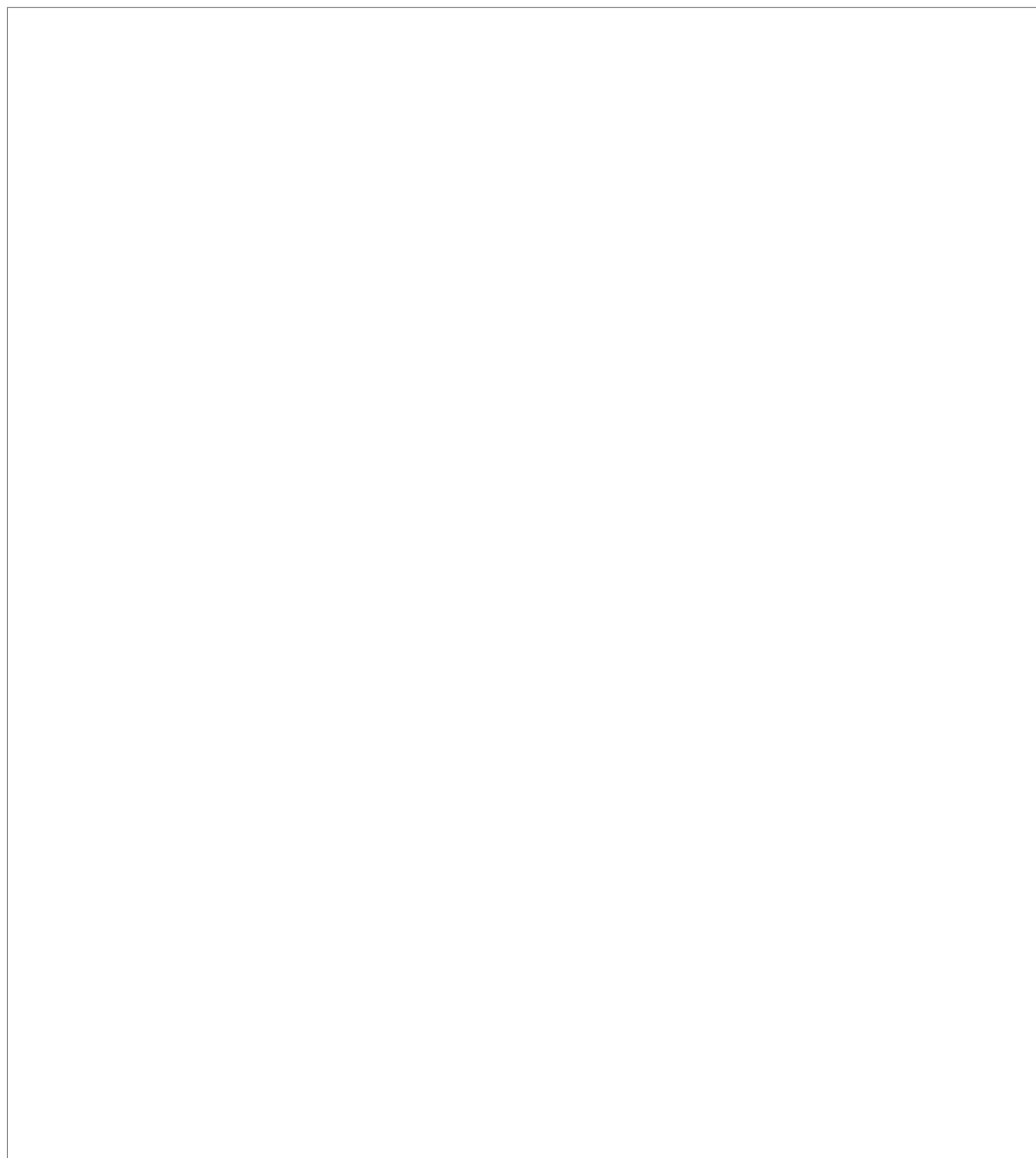
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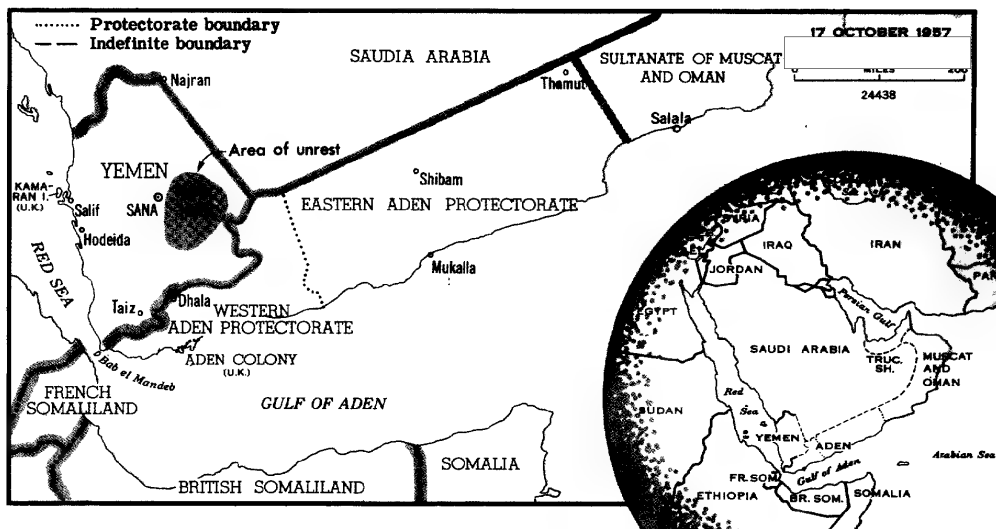
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**TRIBAL REVOLT IN YEMEN**

A revolt in recent weeks against central government authority by tribes in eastern Yemen appears to have been undertaken by supporters of the ailing Imam's brother, Prince

Hassan, in an effort to block succession by the Imam's son, Crown Prince Badr. According to reports reaching Aden, the uprising was also given tacit support by the largest tribes

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in northern Yemen, and the Imam, unable to obtain support from the tribes in suppressing the revolt, was obliged to send a force of 1,200 "regulars" into action.

After initially cutting the Sana-Marib road 30 miles west of Marib, the rebels are said to have been put to flight by the Imam's troops and are now negotiating a settlement. The development of the action and the extent of the uprising are not yet clear.

The trouble may also have been exploited by the British, since it has sprung up in an area from which the Imam during the summer invaded lands claimed by British-protected rulers of the Western Aden Protectorate.

Tribal restlessness has been growing in Yemen in recent months, reflecting opposition to Crown Prince Badr, who is relying on Soviet bloc arms to help him succeed his ailing father. Use of newly arrived Soviet arms against the rebel tribesmen would confirm in the minds of local leaders that this was Badr's real objective in promoting the purchase of Soviet bloc equipment.

Should the Imam fail to appease the tribes, the unrest may spread to other areas which resent his harsh rule. Imams of Yemen are traditionally elected by chiefs of the northern tribes which adhere to the patrician Zahidi sect and resent the present Imam's arbitrary designation of his son as crown prince in reward for

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loyalty during a revolt in 1955. The principal candidate of these groups appears to be the Imam's eldest brother,

Prince Hassan, now in virtual exile as head of the Yemeni delegation to the United Nations.

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**NEW GOVERNMENT COALITION IN PAKISTAN**

The new political coalition formed in Pakistan on 17 October excluding Suhrawardy's Awami League probably will find it difficult to maintain a unified front for more than a limited period and is likely to face serious opposition in East Pakistan. The broadly based government, to be headed by Moslem League parliamentary leader I. I. Chundrigar, may take a somewhat more "independent" line in its foreign policy but probably will not depart significantly from Pakistan's present pro-Western orientation.

After a week of intensive negotiations for a workable coalition to replace the government led by Suhrawardy until his resignation on 11 October, President Mirza on 17 October officially called on Chundrigar to form a new government. The Moslem League leader told the press the coalition would include his own party and the Republican party, two of Pakistan's major political groups, as well as two smaller East Pakistani factions. On the question of one-unit administration of West Pakistan Province, the central issue in the current crisis, Chundrigar stated he would ad-

vocate no constitutional changes affecting the provincial government prior to the general elections, which he hoped to hold as planned in November 1958.

Chundrigar is an "old guard" member of the Moslem League, Pakistan's founding party, with virtually no political following. His appointment apparently reflects the fact that he is not closely identified with any one of the contending political factions.

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The reaction in East Pakistan to the new central government is likely to be unfavorable. A coalition dominated by the Moslem League and the Republican party will be regarded as strongly weighted in

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favor of West Pakistan and those internal policies which are opposed by East Pakistan. The exclusion of the political elements in East Pakistan having the widest popular support probably will result in greatly increased opposition sentiment in the eastern province, and thus will provide new scope for the activities of pro-Communist and pro-Indian elements. In addition, with Suhrawardy no longer in power, the provincial Awami League government in East Pakistan may be unable to remain in control for long.

Opposition on a national scale to the new government will be led by a most effective critic in former prime minister Suhrawardy, probably Pakistan's ablest politician. The combination of Suhrawardy's anti-government campaign, growing unrest in East Pakistan, and probable dissension within the new coalition may lead to renewed instability and increase the possibility that Mirza will have to resort to direct executive rule.

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**CYPRUS**

ish Cypriots. The party also promised that a Labor government would grant freedom to Cyprus during its next period in office. Partition was ruled out as a solution to the problem.

In Athens, Foreign Minister Averoff has commented that Greece now will "inevitably" take a firmer position regarding a Cyprus settlement as a result of the Labor party's declaration. Since both the political leaders and the press in Greece anticipate a Labor victory in the next British general elections, the Karamanlis government would be faced with strong internal opposition if it settled for less than the solution of the Cyprus issue proposed by the Labor party.

A recent declaration by the British Labor party reaffirming a policy statement on Cyprus which called for a guarantee of self-determination for the Cypriots within an agreed time has been praised by Greeks and Greek Cypriots and denounced by Turk-

Rumors continue that Turkish Cypriots may be building up secret arms caches. Although leaders in Athens and among the Greek Cypriots have previously accused the Turks on the mainland of supplying these weapons, the Turkish newspapers have only

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recently indicated that these accusations may be true. Whereas few incidents between Turkish and Greek Cypriots occurred during previous periods of violence,

dangerous intercommunal strife is likely if the Greek Cypriot extremists again engage in widespread acts of terrorism.

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**SUDANESE COTTON CRISIS**

Disposal of the Sudan's huge cotton surplus is the most critical problem facing the pro-Western government of Prime Minister Khalil.

Traditional Western markets are apparently unwilling to absorb adequate quantities of cotton without a substantial reduction in price, which is at present politically impractical for the Sudanese leaders, in part because of the approach of elections scheduled for February 1958. A Soviet offer to purchase considerable quantities of cotton, as well as provide large-scale economic assistance, has thus presented the Khalil government with the possibility of involving its economy with the USSR or risking severe economic difficulties.

The USSR, which has had only restricted commercial access to the Sudan in the past, entered the cotton market in June with a relatively small purchase of 9,000 bales. Following the favorable reaction to this purchase throughout the Sudan, the USSR made its assistance offer in August and the Sudanese cabinet placed it under consideration. In September, Khalil went to Britain and France in an effort to gain additional commitments from the West which would enable him to resist pressure for acceptance of the Soviet aid.

Khalil's efforts do not appear to have met with a satisfactory response from tradition-

al British and French buyers. When he returned to Khartoum early this month, Khalil reportedly was pessimistic about the possibility of sufficient sales in the Western market; he hoped that as an alternative Britain would grant the Sudan a \$28,000,000 loan, with cotton as security. This sum is approximately one quarter of the estimated value of the current surplus of more than 500,000 bales.

Khalil's pro-Western Umma party, which governs through a coalition with the generally pro-Egyptian People's Democratic party, cannot afford to refuse the Soviet offer without providing an adequate substitute.

Failure to find some solution might lead to a break in the coalition and increase Communist and pro-Egyptian influence in the coming elections.

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Recent press reports from Khartoum state that the cabinet has asked for additional details on the Soviet offer.

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**THAILAND**

Thailand's provisional government under Pote Sarasin is proceeding with preparations for the December parliamentary elections. Prospective candidates for the 160 elective National Assembly seats, who must file within two weeks, are treading warily because of uncertainty as to how free an election the Sarit military group will permit.

the government. This project is alleged to have Sarit's blessing. The government is also planning three radio and television programs, one of which will be devoted to Hungary as an example of the consequences of Communist domination. The other two are to point out the value to Thailand of SEATO and American aid. 25X1

There are indications that the provisional government is planning firmer action against Communist subversion. Pote reportedly is planning a drive against leftist journalists whose incendiary articles against the United States, SEATO, and Pote himself have embarrassed

Sarit's position as Thailand's actual ruler apparently is to be regularized by legislation which will make his post as supreme commander the most powerful single position in the government. Sarit's health remains an uncertain factor, however; it may prevent effective use of his power and encourage the development of power-seeking cliques among his subordinates. 25X1

**UNREST IN NORTH VIETNAM**

Hanoi's much-publicized "mistake-correction" program, designed to resurrect rural support by minimizing the injustices of the 1955-56 land reform program, has failed to appease the peasantry. Nguyen Duy Trinh, a party politburo member, stated in a recent speech to the National Assembly that even in those regions where the "mistake-correction" work was properly executed, "disputes continue to break out and the law is not strictly re-

spected." Usury is reappearing, he said, many peasants are not repaying government loans and are unwilling to pay their agricultural taxes, and speculation and hoarding are practiced by many people. The National Assembly was also informed that party cadres "almost everywhere" show signs of fatigue and a "desire to give up their mission."

Despite Hanoi's admitted inability to cope with peasant

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recalcitrance and the general fatigue and malaise of the party members, Trinh told the assembly that a new struggle is coming--the socialization of agriculture. This radical step will be taken in 1958 and, in anticipation, "mistake-correction" must be completed by the end of 1957. Mutual-aid teams and marketing cooperatives are also to be strengthened, presumably to pave the way for extensive socialization.

In view of the acknowledged problems plaguing the regime in the countryside, Trinh stated that Hanoi expects to "encounter many difficulties" in collectivizing the peasants. Large-scale rioting broke out last fall in north central Vietnam when peasant demands for the redress of grievances--specifically the return of confiscated property--were not immediately met by local officials. Similar incidents on a smaller scale have been reported since. Hanoi's planned attempt to

socialize agriculture may well touch off new clashes between the peasants and the party.

Socialization of agriculture will probably not be attempted among the ethnic minorities where disaffection seems particularly widespread. The traditional hostility with which the minorities of upper Tonkin have regarded the delta Vietnamese extends to the Communists. Last July a meeting of 1,000 persons in the Thai-Meo autonomous region protesting forced-labor levies had to be broken up by police action.

Hanoi is now telling its citizens not to expect the Communist millenium in the near future.

Ho's blunt National Day speech stressing the need for economic sacrifices and public austerity for perhaps another generation further depressed an already pessimistic audience.

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**TIBETAN LEADERS ADOPT MORE INDEPENDENT ATTITUDE**

Recent reports from Lhasa suggest that Peiping's "reorganization" of the Tibetan government, intended to provide the illusion of greater autonomy, has encouraged Tibetan aspirations for genuine independence. Active resistance to Chinese Communist authority in the Sino-Tibetan border region has continued despite efforts of "bandit suppression" forces.

The Dalai Lama continues to be a vital national symbol despite the fact that he is forced to work under close Chinese supervision in Lhasa. Last June more than 150,000 Tibetans traveled to the capital from all parts of the country to hear him preach a series of sermons and conduct religious ceremonies. Although the Dalai Lama carefully avoided political themes,

the response to his talks unnerved the Chinese. According to one report, Chinese garrison units in Lhasa held nightly machine-gun practice during the sermons to serve as a warning against possible hostile moves by Tibetans.

The withdrawal of many Chinese political officers from Tibet and the assigning of more important government roles to Tibetans--in line with Peiping's policy of conciliation--seem to have brought a return of self-confidence to Tibetan leaders. The Tibetan government reportedly felt strong enough to order a new issue of Tibetan currency last spring following refusal by the people to accept Chinese money, which had been brought in by the Communists.

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late last year. Reports [ ] say that 1,800 Tibetan students in the Lhasa area--presumably the sons

of high-ranking Tibetans--have been withdrawn from Chinese schools. [ ]

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**KUOMINTANG CONGRESS MEETING IN TAIPEI**

The eighth congress of the Chinese Nationalist Kuomintang, meeting in Taipei from 10 to 22 October, will reportedly have as its main task the preparation of a party platform intended to improve Nationalist standing with the Overseas Chinese and to win support on the China mainland for the Nationalist cause. There is no expectation among the nearly 500 delegates that reform of the party will be considered. It is planned, however, to increase the size of the central committee, and the party charter reportedly will be revised.

The projected party platform, which the congress is expected to rubber-stamp, is propagandistic in nature and designed to appeal to as many conflicting interests as possible. No dramatic changes of Kuomintang policy are indicated.

The reported plan to enlarge the powerful central committee could alter the factional composition of that body unless a bargain is struck. The faction controlled by Chiang Ching-kuo, the elder son and prospective heir of Generalissimo Chiang Kai-shek, reportedly has been gaining power recently and may

seek to place additional supporters on the committee at the expense of a rival faction led by Vice President Chen Cheng. The plan reportedly calls for the addition of two Overseas Chinese members, two Taiwanese members, and four military representatives.

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[ ] Press reports state that the congress announced on 14 October its intention to re-elect Chiang as party leader without opposition.

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Although the specific nature of the proposed changes are not yet known, any which are made will almost certainly be for the sake of appearances. The tight control exercised over the Kuomintang by Chiang and his small ruling clique will undoubtedly continue unaffected.

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**LABOR UNREST IN ARGENTINA**

Leaders of important Argentine labor unions normally sympathetic to the provisional Aramburu regime are threatening to join a Peronista-backed general strike announced for 22 October protesting the government's failure either to roll back the cost of living or lift the four-month wage freeze imposed last month. Reportedly pressed at the same time by

conservative military elements for a crackdown on labor agitation, Aramburu has limited himself to insisting that increased industrial productivity must take precedence over all other economic and political considerations.

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[ ] the progovernment union leaders have become

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angered in the last week over what one spokesman termed "the government's failure to understand basic labor problems." The government has asked the unions to accept profit-sharing schemes or production bonuses in place of wage increases, which it says would only add to the problem of inflation. As a result of mounting unrest over the cost of living, progovernment union leaders--who helped break the Peronista-backed general strike of 27 September--are now threatening to join forces with the Peronistas unless the government authorizes a "one-time" wage increase accompanied by rigid price controls.

The government has the power--under the state of siege imposed on Buenos Aires city and province on 5 October--to arrest any troublesome labor leaders, and it is reportedly under increasing pressure from conservative military groups to extend the state of siege to the

entire country and crack down on the unions. Aramburu apparently fears, however, that the use of this power at this time would be interpreted as an admission of political weakness. The government was forced into a tacit admission of weakness in the labor field only last week when it announced it had suspended the national labor congress. The congress had been convened on 26 August for the purpose of electing officers to replace a government-appointed "interventor," but was thrown into confusion by the maneuvers of the Peronista minority.

Although the Aramburu government appears determined to hold the line on labor demands, it is acutely aware that continued economic hardship will increase the political appeal of radical opposition elements. If general elections are to be held in February as scheduled, it is likely some concessions to labor will be necessary.

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**THE BOLIVIAN SITUATION**

The resignation threat of Bolivian President Siles on 11 October, although promptly withdrawn, highlights the continuing instability of the government. Despite Siles' success thus far in implementing the US-backed economic stabilization program, Bolivia's economic and political equilibrium is still precarious and may be severely tested by labor unrest resulting from the approaching expiration of a 12-month wage freeze.

Siles' recent threat to abandon the presidency--like his previous resignation threats--was induced by labor unrest which promised to curtail production and thus to undercut the economic stabilization program. While

the program has resulted during its first ten months in relative stability for both domestic prices and the foreign exchange rate, the outflow of gold and foreign exchange has not yet been checked. The drain on the \$25,000,000 stabilization fund was \$6,127,000 as of 9 October.

Production of minerals--which make up over 90 percent of Bolivia's exports--has continued to decline while world market prices are falling. Although a sharp increase in agricultural production is expected to reduce imports, and government exchange expenditures have been cut below the initial stabilization program estimates, the foreign exchange budget for the

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second half of 1957 shows a \$5,000,000 deficit. Furthermore, the approaching end of the 12-month wage freeze imposed on 15 December 1956 seems likely to result in renewed labor demands, probably accompanied by violence.

The resolution of the political crisis of 11 October illustrates Siles' continuing dependence on President of the Chamber of Deputies Juan Sanjines, a labor leader once known as a Communist and now as a Communist sympathizer. Siles' resignation--prompted by a factory workers' decision to strike--was withdrawn in re-

sponse to protestations of unconditional support from a group of unions including key pro-Sanjines ones.

In the past four months, Sanjines' support has permitted Siles to reorganize his cabinet and the governing party, the Nationalist Revolutionary Movement, to gain a majority in congress, and to oust the leftist vice president. Should Sanjines turn against Siles, the latter's political leadership would be endangered.

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## PART III

PATTERNS AND PERSPECTIVES

## HUNGARY--ONE YEAR LATER

On the eve of the first anniversary of the national uprising of 23 October 1956, Hungary is still occupied by six Soviet mechanized divisions. While there is little possibility of any serious disturbances, the Kadar regime is warning repeatedly against any demonstrations on 23 October. The Hungarian people, while still defiant, seem to be sinking into a state of hopelessness and apathy. Kadar, who is strongly backed by Khrushchev, is trying to gain more effective control over the faction-ridden Hungarian Socialist Workers' party. He is also seeking to convince the powerful Stalinist bloc in the party that it is necessary to modify the terror tactics used to date without sacrificing maximum security controls.

The Leadership

In recent months, Kadar has steadily increased his prestige in the new party organized from the fragments of Rakosi's old Hungarian Workers' party. He is strongly supported by a small group of top-level personal adherents, led by First Deputy Premier Ferenc Muenich, the Moscow-trained Communist who as minister of armed and security forces played a major role in aiding Soviet authorities to re-establish "order" in Hungary.

A more dubious asset to Kadar's team is Minister of State Gyorgy Marosan, Budapest party boss and member both of the politburo and the secretariat, a turncoat Social Democrat who is said to be the most hated man in Hungary.

Minister of Culture Kallai, a politburo member and party

secretary, and politburo member Lajos Feher, who is responsible for Kadar's liberal agricultural policies, also belong to Kadar's immediate coterie. Marosan and Kallai as well as Kadar were imprisoned under the Rakosi regime for nationalist deviations.

Kadar's group appears to be supported by some moderate



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party elements, including certain trade union bosses, party officials in factories, and various party newspaper and radio officials. Many of these are compromised by their liberal activities before and during the uprising.

Kadar reportedly has succeeded in asserting his leadership over Stalinist elements in the central committee who are ambitious to resume high positions they held under Rakosi. Leaders of this faction reportedly are two politburo members--Antal Apro, in charge of economic liaison with the Kremlin, and Karoly Kiss--and the former party ideologist Jozsef Revai, a member of the central committee. Rakosi appointees are entrenched throughout the party apparatus

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and the government. The struggle between extreme hard-line policies espoused by the Stalinist faction and the more moderate policies of Kadar reportedly broke out at the party national conference in June and is now public knowledge. Until recently, proponents of the hard line have generally had their way politically.

sumer goods production. Kadar, in fact, has already been forced to do some backtracking in both areas. His regime, however, has secured an apparent temporary normalization of the country's economic life with the help of financial support from the Soviet Union. Total indebtedness to the USSR now is estimated in the neighborhood of \$349,000,000,

of which an estimated \$187,400,000 was incurred during the past year. Major economic problems remain unsolved, however, and no long-range economic planning has been possible to date.

Recently the party press has put increasing emphasis on the fight against "sectarianism"--party

cliquishness and separation from the people. Kadar--with Khrushchev's approval--is apparently using this means to bring pressure on extreme hard-line elements to force them to comply with his policies. An article of 3 October in the official party newspaper declared that although "revisionism"--liberalism--constituted the chief dan-

One specific controversy has been over the issue of a public trial for Imre Nagy. Revai and others have demanded an open trial, but Kadar has declined apparently in deference to the Kremlin's desire not to bring the Nagy case to a climax at this time. As long as the USSR is making overtures to Belgrade, Khrushchev will probably avoid offending the Yugoslavs by reminding them publicly of the Soviet breach of the safe-conduct given by Kadar to Belgrade under which Nagy left his asylum in the Yugoslav embassy to return to his home. Kadar, moreover, appears to be backing away from a spectacle which would heighten popular tension and underline his own personal connection with Nagy in the uprising.

Kadar's critics also have pushed for a harder line in agriculture. They question his policy of encouraging free enterprise and augmenting con-

ger faced by the regime, the "main task" was the fight against dogmatic procedures and "sectarianism." The party now has 380,000 members.

#### Security Controls

One of Kadar's principal tasks has been to rebuild, under



MUENNICH



MAROSAN



KALLAI



KISS



REVAI

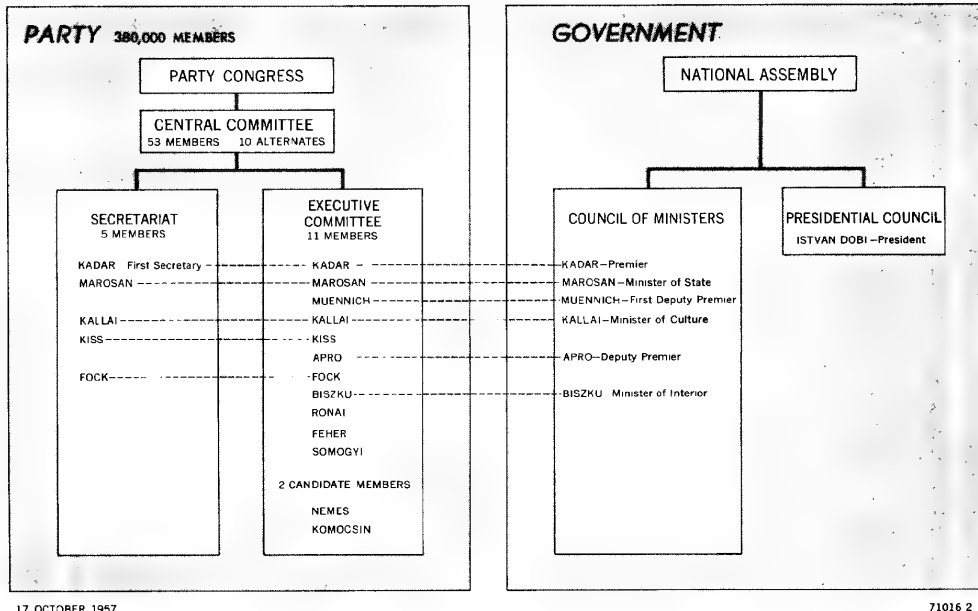


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direct Soviet supervision and with the personal aid of Soviet security chief Serov, an effective and loyal security police organization to strengthen his hand in coping with popular discontent and his enemies in the party. The efficiency of the present force, largely composed of former members of Rakosi's hated State Security Authority (AVH) and now numbering perhaps 20,000 men, was demonstrated during the wave of arrests last summer. In addition, Kadar hopes to rely in any future crisis on an estimated 30,000 workers' militiamen who are being organized in factories and government offices under direct party supervision.

The final authority remains with Soviet troops, now estimated at six mechanized divisions. While there have been minor withdrawals, the strength of these forces remains almost as great as at the height of the uprising.

**Intellectuals**

Through terror tactics and economic pressure coupled with minor concessions and many promises, Kadar appears to have weakened the resistance of the intellectuals, who until now have boycotted the government by refusing to write. The country's leading intellectuals not in prison were forced to sign the regime's protest against UN consideration of the Hungarian question.

On 18 September, six prominent intellectuals, including a former president of the Writers' Union, made an offer of limited cooperation with the regime's new literary journal Kortars and acknowledged that they had been remiss in combating "counterrevolutionary" tendencies. Possibly because of these gestures, the regime on 9 October announced that very light sentences or suspended sentences had been imposed at closed trials on four leading

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writers arrested for complicity in the revolution. The cases of major literary opponents of the regime, however, notably Gyula Hay and Tibor Dery, remain to be tried. Punishment meted out to them will afford a reliable index of the true policies of Kadar toward the intellectuals.

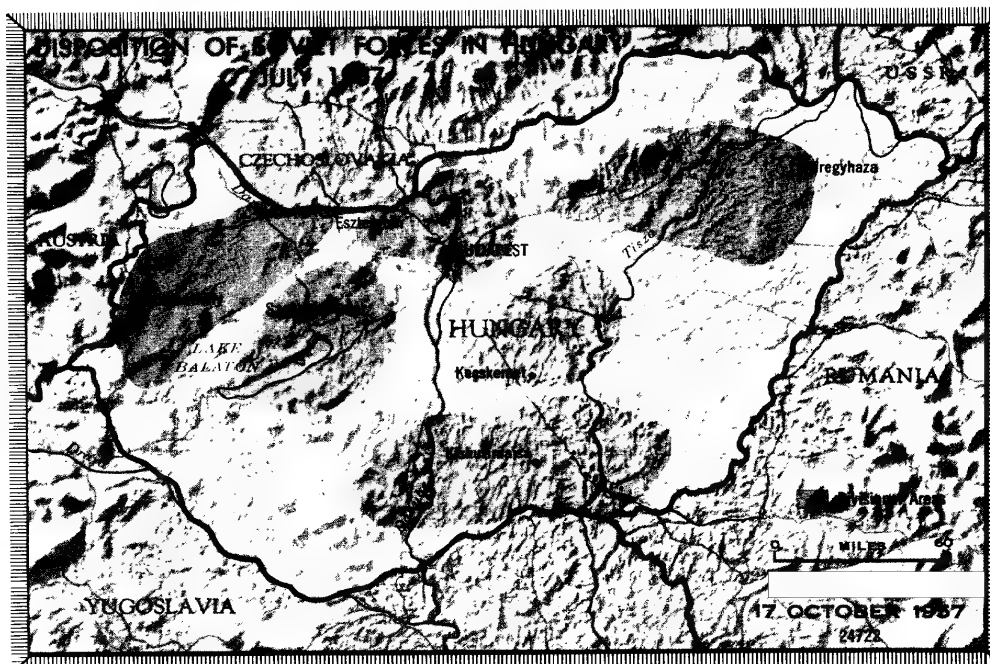
Catholic Church

Kadar has brought maximum pressure on the Catholic Church in order to secure its public support for major regime political and economic objectives. The government has publicized an endorsement by the Catholic Bench of Bishops of its stand on UN consideration of the Hungarian question. This appears to have been secured only after some form of detention had been imposed on four bishops, including Archbishop Jozsef Grosz, acting chairman of the Bench of Bishops and head of the Hungarian church in place of Cardinal Mindszenty.

Possibly in return for this endorsement, the government recently announced that--at the request of the Bench of Bishops--the subsidy paid for support of church activities would not be reduced as planned under the 1950 church-state accord. It would be continued at the present level until the end of 1958. This tactic provides the regime with a ready-made means of imposing pressure on the church in coming months.

Youth Remains Defiant

The regime has had little success in its efforts to divide and regiment youth. Although they are forced to enter the new Communist youth organization (KISZ) and are dependent on the regime for scholarships and dormitory housing, students reportedly are able to continue their passive opposition. Students at the Technical University of Budapest on 23 September booed politburo member Marosan when he threatened them with



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dire punishment if they demonstrated on 23 October. Marosan had implored the students to support Kadar and himself.

**Industrial Workers**

Kadar has succeeded in silencing the industrial workers who with the writers and the students led the revolution. Their bitter hatred for the regime smolders under the surface, however. The arrest of leaders of workers' councils and the dissolution of the councils have deprived workers of centers around which to organize. The regime has sought to buy off the workers by increasing wages, providing more consumer goods, and promising to form new "factory councils" under trade union control. However, although the planned average increase of 12 percent over pre-revolutionary wages now has been far exceeded, labor productivity, although increasing, is still below previous levels.

**Peasant Policies**

Kadar is treading softly insofar as the peasants are concerned, hoping thereby to raise food production. Independent farmers are receiving economic support, and a return to collectivization is being implemented only half-heartedly. There are now 3,400 collectives farming 10 percent of the arable land, compared with 4,857 farming 23 percent of the arable land a year ago. Crop surrender obligations on the peasantry have been abolished. The food supply is reliably reported to be greatly improved as a result of these policies, but free farmers continue their stubborn opposition to the regime.

**Future Prospects**

On the eve of 23 October, Kadar appears to be seeking to

convince certain of his opponents that he is at last ready to implement his promises of moderation made last year. He announced on 12 October that Hungary has entered "a new period, that of normal life and normal tasks." He is taking every step possible, however, to strengthen controls in order to avert hostile demonstrations on the revolution's anniversary. He is stepping up propaganda designed to make it appear that formerly hostile elements are now cooperating with the regime. These measures will not overcome the hatred of the populace but may avert any major overt expressions of antiregime sentiment.

Despite hostile popular sentiment and his opposition in the party, Kadar will remain in control as long as he receives backing from the Kremlin. In coming weeks he may resign his position as premier, while retaining his party position, to bring Hungary in line with bloc practice. Kadar may hope in time to make some real concession to the populace--such as the elimination of Marosan from high government and party positions--and the ouster of some leading Stalinists such as Revai from the central committee. He might also grant an amnesty to minor political offenders. Such measures might gain him some degree of popular toleration.

For its part, the Kremlin might in time wish to strengthen Kadar's hand by making some gesture, such as a token withdrawal of Soviet troops, which would increase his appearance of independence and somewhat veil the all-too-evident fact that Hungary is a country under strict military occupation. (Continued in by ORR)

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## DE GAULLE'S PRESENT STANDING IN FRANCE

Speculation that General Charles de Gaulle may be called on to resolve France's recurrent political instability has reached a new high during the parliamentary crisis which started 30 September. The past few years have both enhanced De Gaulle's popularity and confirmed his own conviction that a strong executive is essential. He insists on broad powers if he is returned to office. There are indications that he has political connections extending as far left as the Socialists, and his relatively moderate views on an Algerian settlement could broaden his support from the center and the left.

De Gaulle's popularity has revived steadily since the first volume of his memoirs was published in 1954. These revived the mystique of his wartime leadership, and their literary excellence gave him new intellectual standing. Moreover, his announcement in July 1955 that he was retiring from active politics--"perhaps for a long time"--paradoxically lent him the added prestige of an elder statesman.

Failing health had been a factor in his withdrawal from public life, but successful operations for cataracts helped revive his political interests, and by early 1956 he had begun to step up consultations with a wide range of party leaders. In December 1956, one of his close political associates reported him as believing, for the first time since 1952, that his return to power was a possibility. Today, at 67, he

reportedly believes that conditions are ripe for his return to power by constitutional means--though he has commented wryly this month that not one deputy had publicly urged his recall to office.

Domestic Political Views

De Gaulle remains a stiff-necked authoritarian who holds parliamentary politicians--particularly those on the right--in contempt. Since his resignation as premier in January 1946, he has inveighed against the constitution of 1946 for subordinating the cabinet to the assembly and making the President a figurehead. Repeatedly he has urged France to adopt a form of government under which a responsible executive would be divorced from assembly politics and assured a minimum tenure.



DE GAULLE

Beginning in 1947, he attempted to gain control of the legislature through his Rally of the French People, but when this instrument failed to rouse the country and became just another party, he withdrew from its leadership--charging that the conflict of parties, unions, and special interests had defeated his efforts to give France a strong government.

The National Assembly election of 1956, which strengthened the extremists on both left and right, and the growing difficulties over finances and Algeria apparently convinced him that parliamentary democracy in France would soon completely discredit itself. He seemed confident that the great majority of Frenchmen would turn to mass action for

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installing an authoritarian executive because they were not getting their share of the current prosperity. In January 1957, the American embassy in Paris, noting an increase in the general's faith in his return to power, commented that he had less concern for constitutional legality than previously.

In June 1957, Roger Frey, secretary general of the Social Republican party, presenting what he described as the general's views to an American embassy official, estimated that in perhaps six months the public would realize that Algeria was a stalemate, that France was bankrupt, and that no ordinary parliamentary government could find solutions for these problems. Frey publicly stated in June that De Gaulle was ready to govern "for a limited time."

De Gaulle has consistently avoided explicit references to force in his statements on a return to power.

De Gaulle would not be a party to a coup d'etat to put himself in power since such action would divide the country's loyalties. He would, however, insist on stiff terms for assuming the premiership.

The main elements of those terms have been widely reported as including: full powers for three or four years, a party truce or dissolution of the assembly in the meantime, and a new constitution providing for a government along presidential lines. Rene Pleven's demand on 7 October for a one-year truce among political parties came close to the general's plan for increasing the authority of

the executive. Pleven has been increasingly outspoken in favor of a presidential system for France and there is some evidence of a rapprochement between Pleven and De Gaulle, who had violently opposed Pleven's EDC stand.

Recent statements attributed to De Gaulle give no insight into his stand on France's present economic and financial difficulties, but they do hint at a compromise plan for Algeria which might resolve differences between the non-Communist left and right. The plan reportedly involves some measure of autonomy, but would save enough of the area to permit France to exploit Saharan oil. In the past, the general has expressed his preference for a federative type of association involving Morocco, Algeria, Tunisia, and West Africa, with France taking a role of "leadership without domination."

**Foreign Policy Views**

General de Gaulle's authoritarianism and strong nationalism make it difficult to assess the policies he might lay down vis-a-vis the United States and the West if he returned to power. He has stated his belief in a unified Europe, in which he considers British participation essential, and he favors strong French-German ties. Though he regards a government including Communists as the worst possible thing for France, he maintains that a policy of East-West coexistence is necessary because France cannot face another war.

On occasion, he has been severely critical of American policy--particularly in North Africa--but he concedes that many distort the United States' position and "not everything

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that has been done is wrong." Nevertheless, the bitterness of his World War II relations with the United States was apparent in a statement he made in June 1956 when he said he could never again believe in American friendship--"American wealth, yes, but not friendship."

**Political Ties**

Though De Gaulle now seems to be relying on the prestige of his role as elder statesman rather than on an organized political group, he has connections with a wide variety of people in key positions in France. He has a residue of support among former members of his now defunct party, some of whom may now be trying to hurry his return to active politics.

Social Republican leader Jacques Soustelle, who played a key role in bringing down the Bourges-Maunoury government, is believed to be one of these, and his colleague, Roger Frey, tried unsuccessfully to enlist the support of Independent leader Senator Roger Duchet with a promise of a post in De Gaulle's cabinet. There is evidence also that the extremist peasant group under Paul Antier, which since June has been working with the Poujadists, is doing so in the hope of facilitating De Gaulle's return.

In the other direction, De Gaulle's political connections extend as far left as the Socialists, some of whom reportedly are sympathetic to his proposed policy for Algeria.

A return to power through normal political processes would depend on President Coty, whose

military aide, General Ganeval, may be acting as a channel to De Gaulle. In January 1957, Ganeval told Ambassador Dillon that Coty would call De Gaulle if a really difficult situation should arise, and Coty is believed to have put out feelers on De Gaulle's willingness to form a government. De Gaulle reportedly has a high regard for Coty and would be willing to head a government under him.

**Possibility of a Coup**

Although De Gaulle has consistently eschewed the idea of a coup d'etat, the possibility of such a move cannot be discounted if the political situation in Paris deteriorates rapidly enough. The centralization of the French administration and security agencies in the city of Paris would permit a small group of men to seize control of key points without bloodshed. Independent leader Senator Duchet believes that De Gaulle could successfully carry out a coup with a minimum of police and army help.

A number of De Gaulle's former associates seem to have been involved in the abortive conspiracy of 1956 which was apparently aimed at seizing power in Algeria. Although the affair was quickly dismissed by the government as of no great significance, it had included an attempted assassination of the military commander in Algeria, General Salan, and it resulted in the censure of several French generals, including General Faure, who is now second in command of French forces in West Germany.

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**INDIAN COMMUNIST PARTY PLANS RADICAL REORGANIZATION**

The Communist party of India has launched a radical plan to do away with the traditional politburo, central committee, and local cell and convert the overt Communist organization into a broadly based, decentralized party better equipped to win power through parliamentary means. The reorganization appears to be a further development of the party's thesis that its government in Kerala State--first to be elected in India under a "bourgeois" democratic system--is forging a "new approach to socialism suited to present-day world conditions." There is as yet no indication, however, that the Indian Communists' plan to dissolve those hard-core portions of the party organization which have been responsible for covert activities, such as sabotage and subversion.

The central committee met last May to study the results of the February-March national elections. Directives stressing the sizable gains made by the party apparently were issued to state committees following this meeting. These gains included polling twice as many votes as in the 1952 general elections, winning representation in every state legislature and first place among opposition parties in the national parliament, and defeating the Congress party in Kerala. The Communist leaders felt that these successes provided the party with dramatic new opportunities calling for a far-reaching reorganization.

First, the central committee opened a drive to double the party's membership of 125,000 by the end of 1957 to bring it more in line with the increased influence of the party. Second, it recommended abolishing the cell as the basic unit of party organization and

replacing it with broader "branch committees" at the municipal and village levels. Third, an intensive campaign to raise funds for state parties was to begin immediately. Fourth, the propaganda effort at the local level would be stepped up. Finally, state parties were to promote united fronts with other opposition parties on the basis of a common minimum program.

Acting on recommendation of the politburo, the central committee met in Delhi from 7 to 10 October and proposed that the major executive organs, the politburo and the central committee, be replaced by a considerably larger council and a central executive committee. Party headquarters on 10 October called for an extraordinary convention during the last week of January to effect the reorganization.

These proposals apparently reflect the Communist leaders' conviction that they are now in a position to compete with the Congress party on its own terms. The possibility of ousting the Congress from power in future elections, at least at the state level, seems to be regarded by the party leaders as very real. They apparently realize, however, that the Communist party can gain power under a parliamentary system only if it matches the organizational reach of its main opponent. Its highly centralized and tightly controlled party structure is considered outmoded, and a decentralized organization with greater mass contact is now required. A conventional structure paralleling that of the Congress party would add to the respectability of the Communist party.

The reorganization is already being implemented in Madras and West Bengal states. In West Bengal, however, many party

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workers have disputed the directives of the state leaders and created a controversy which may slow down implementation of the new plan. Similar opposition may develop in other states, especially if factional leaders feel that the "moderate" group of party General Secretary Ajoy Ghosh is using the reorganization to perpetuate itself in power. The apparent agreement of a majority of party leaders to the plan, however, suggests their views will prevail.

The Communist party's abandonment of the usual Communist organizational techniques in favor of a "bourgeois" setup reflects the "new approach to

socialism" evolving from the Kerala experiment. India's Communist leaders can claim that the strategy for achieving power through parliamentary methods, keynoted by Khrushchev at the Soviet 20th party congress in Moscow, has already brought success in one Indian state. They appear ready to carry this thesis to lengths that may surprise even Moscow.

Indian Communist leaders have stated that the "new path" they must cut will be "based firmly on Marxism-Leninism." It is clear, however, that they intend to interpret Communist theory and practice strictly according to their own needs.

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**GROWING STRENGTH OF SOVIET CIVIL AVIATION**

The USSR, in addition to improving its domestic air service in the past two years, has expanded its civil air relations with countries outside the Communist bloc. The availability of modern jet transports such as the TU-104 and the Soviet Union's control of the shortest route between Europe and the Far East will help Aeroflot, its civil air carrier, become a major international air carrier.

**Air Agreements**

Until late 1954, the Soviet Union banned all foreign airlines, including those of its European satellites, from Soviet air space and maintained a monopoly in air service between the USSR and other bloc countries. Soviet control over civil aviation throughout the Sino-Soviet bloc was exercised

through partial ownership of satellite civil air carriers and the coordination of Aeroflot's operations with other bloc airlines. Along with other moves stressing nominal equality of the satellites with the USSR, Moscow began in late 1954 to liquidate its interests in these companies and to negotiate agreements providing for reciprocal air rights between the USSR and other bloc states.

Next, the Soviet Union abandoned its policy of excluding free world carriers and signed bilateral agreements providing for reciprocal service with Yugoslavia, Finland, and Austria in 1955 and with Afghanistan and the Scandinavian consortium SAS in 1956. Under these agreements only Finnish and Scandinavian planes thus far fly to Moscow.

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Soviet air service with Belgium and France has been precluded by Soviet use of air rights negotiations in an effort to compel recognition of the East German regime. Moscow has insisted that Western commercial planes must obtain permission to overfly East German territory from the East German regime rather than the Soviet occupation authorities.

Recent approaches have been made by the USSR to Iran, India, and Japan for bilateral air transport agreements. Moscow has also requested that Greece, the key to bloc air routes to the Middle East, grant Aeroflot landing rights at Athens for flights to Cairo, Damascus, and Beirut.

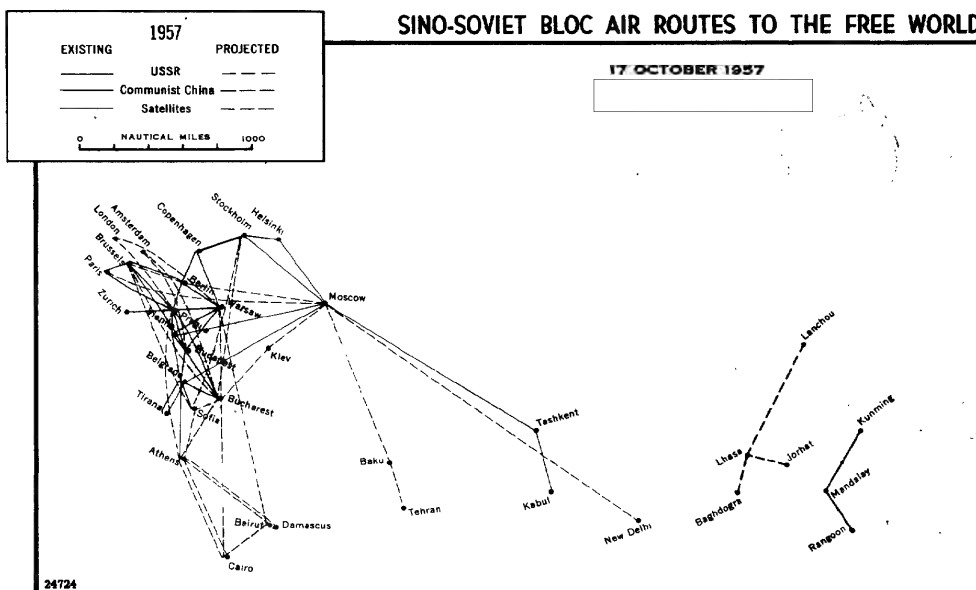
In addition to these governments, Aeroflot has also concluded a number of agreements with nonbloc carriers. A 1954 agreement with SAS continued a 1946 arrangement for a passenger exchange point at Helsinki. This was followed by a similar agreement with Air France for an exchange at Prague. Air India.

International, British European Airways, and Royal Dutch Airlines in 1955 and Swissair, the Belgian carrier Sabena, and Pan American World Airways in 1956 all concluded agreements with Aeroflot calling for exchange points outside the USSR.

Located on a great circle arc between Europe and the Far East, the USSR controls the shortest route between these areas. If it succeeds in extending its service to major cities in Western Europe and Japan, Moscow would be in a favorable competitive position with the international carriers of Western countries which now overfly either South Asia or the North Pole to provide this service. Western airlines have long been interested in trans-USSR runs as a means of shortening their present roundabout routes from Europe to Tokyo.

**New Aircraft**

Not until after Stalin's death did the USSR devote a great deal of engineering talent

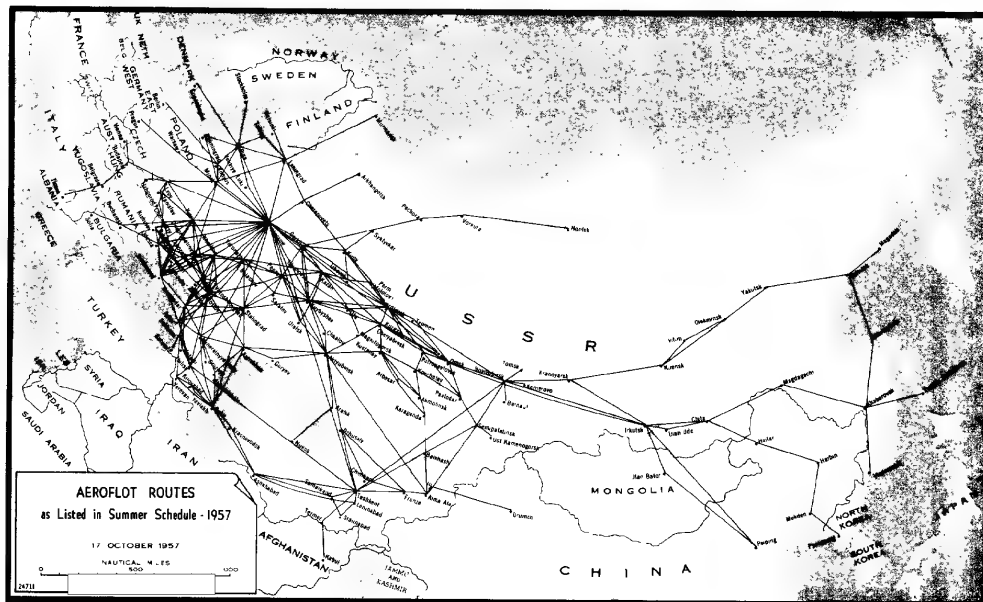


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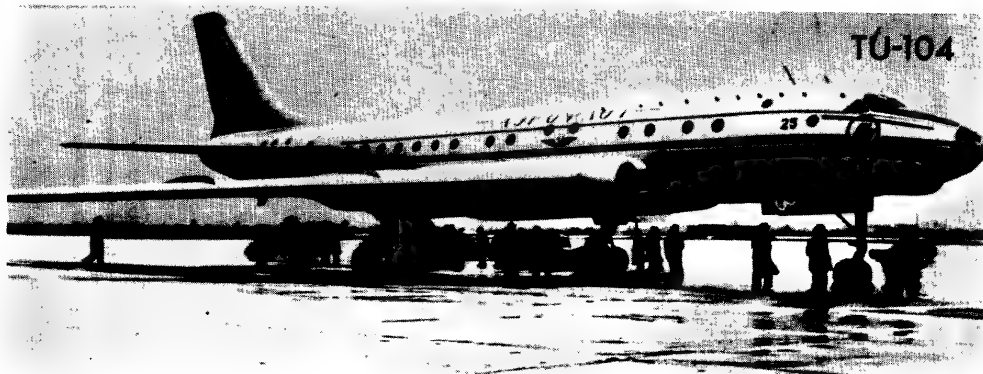


and time, as well as production man-hours and space, to the design and development of transport aircraft.

Until the entry of the TU-104 (CAMEL) into service, Aeroflot relied almost entirely on a fleet of obsolescent twin-engine DC-3-type aircraft. No improved twin-engine aircraft had been perfected and no four-engine transport was in use. The TU-104, the first Soviet jet transport, made its initial appearance outside the bloc in March 1956 when it flew Soviet security chief Serov to London to arrange the Khrushchev-Bulganin visit. It is being used with increasing

frequency on long-distance routes within the USSR and on the Moscow-Peiping route. It serves a Prague-Moscow route which enables passengers to make connections with Western European cities, and in December will appear on the Moscow-Scandinavian routes.

During July 1957 four new transport aircraft were displayed at Vnukovo airport in Moscow. These were identified as the TU-110, with four turbo-jet engines; the TU-104A, a new version of the CAMEL; and the IL-18 (Moskva) and the Ukraina, each with four turbo-props. There are also reports

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that a fifth transport, the TU-114, will be displayed this fall.

The prototype of the Ukraina probably flew for the first time late in 1956 and now is believed to be in production. The IL-18 and the TU-110 are probably prototypes, and it is not known whether they will be placed in production. All of these transports could be produced at a reasonably high rate should the USSR not increase its production of military aircraft. Recently some plants formerly associated with military aircraft production have turned to transport production.

#### Facilities and Operations

Plans for airfield construction are keeping pace with the re-equipment with new aircraft. Aeroflot authorities in Moscow have announced that

13 new airports are scheduled for the next four years, together with improvements at present airfields. To accommodate the new transports, runways on civil airfields are to be extended to a minimum of 8,200 feet.

Moscow/Vnukovo airport, the major civil airport in the USSR, schedules 220 flights daily and conducts a large number of "specials" for mail, cargo, and occasionally for passengers. The number of air passengers carried in and out of Moscow is up 25 percent over last year to 625,000 passengers. The not inconsiderable increase in passenger traffic at Moscow results from the addition of ancillary airport equipment for night and all-weather flying on Soviet airfields which has made it possible to save time on long-distance routes.

The Scientific Research Institute in Moscow, which

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establishes operational standards, is responsible for some of the modernization of Aeroflot's operations. The deputy head of the institute recently told a visiting British delegation that Aeroflot would soon make the use of seat belts mandatory and would adhere to all international recommendations pertinent to civil aviation. The USSR has adopted the practice of relaying crews rather than permanently assigning them to a particular aircraft. The new system is said to have increased the utilization of aircraft 25 percent in two years and to have improved vastly the regularity of flights.

The Soviet civil air system is still antiquated in some respects, however. For example, reservations cannot be made more than ten days in advance of the date of travel; if an aircraft is overbooked, an extra plane is placed in service. This hit-

or-miss method does not lend itself to interchange with non-bloc carriers on long-distance flights.

Aeroflot has made several additions to its network within the USSR. In 1955, scheduled routes were opened in the north-east and the Arctic, areas which were formerly served by irregular flights, regional services, or Polar Aviation. Further advances were made in 1956, and ton-miles that year increased by 50 percent over 1955.

Aeroflot's deputy chief, Air Marshal Zhavoronkov, predicted on 30 June that by 1960 passenger transport on Soviet air routes would increase by approximately 280 percent and freight transport would be doubled.

**Military Capability**

The introduction of modern transports has enhanced the

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Soviet military air capability. On a maximum cargo mission, a TU-104 could supplant approximately five Soviet twin-engine propeller-driven transports, with which the Soviet military is principally supplied. The range of the TU-104 is estimated at 1,820 nautical miles, as compared with 920 nautical miles for the CAB (LI-2) and 1,290 nautical miles for the

IL-12 (COACH) and IL-14 (CRATE). The TU-104 can carry 50 to 70 passengers as compared with the COACH's 18 and the CRATE's 24.

(Prepared by ORR)

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